

**MUHAMMAD TARIQ MOTI SECURITIES  
(PRIVATE) LTD.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Muhammad Farooque Dandia & Co. Chartered Accountants  
29 Business Plaza Mumtaz Hasan Road, Karachi-74000  
Phones 32400155, 0300-3388005**

# MUHAMMAD FAROOQUE DANDIA & COMPANY

## CHARTERED ACCOUNTANTS

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MUHAMMAD TARIQ MOTI SECURITIES (PRIVATE) LIMITED** as at June 30, 2014, and related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion :
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purposes of the Company's business; and
  - iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance,

*Muhammad Farooque Dandia & Co*  
Chartered Accountants

Karachi: 30<sup>th</sup> September 2014

Muhammad Tariq Moti Securities (Private) Limited  
Balance Sheet  
As at June 30, 2014

Capital & Liabilities	Note	2014	2013	Assets	Note	2014	2013
<b>Share Capital &amp; Reserves</b>							
Authorised Capital		55,000,000	55,000,000	<b>Non Current Assets</b>			
5,500,000 ordinary shares of Rs. 10/= each				Intangible Assets	6	50,000,000	50,000,000
				Long-term Deposits	7	500,000	600,000
Issued, Subscribed and Paid-up	4	53,010,000	53,010,000				
Deposit against shares		2,000,000	-				
Accumulated Profit(Loss) brought forward		(297,758)	(545,951)				
		54,712,242	52,464,049				
<b>Current Liabilities</b>							
Trade payables		12,069,125	6,475,385	<b>Current Assets</b>			
Accrued expenses and other liabilities	5	475,690	369,276	Trade Receivables	8	584,637	1,869,662
		12,544,815	6,844,661	Advances, Deposits, & Other Receivables	9	396,389	50,871
				Cash and Bank balances	10	15,776,031	6,788,177
						16,757,057	8,708,710
<b>Contingencies and Commitments</b>							
		<u>67,257,057</u>	<u>59,308,710</u>			<u>67,257,057</u>	<u>59,308,710</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Karachi  
Dated :

*Muhammad Tariq*  
Chief Executive

*Muhammad Tariq*  
Director

**Muhammad Tariq Moti Securities (Private) Limited**  
**Profit & Loss Account**  
**For the year ended 30th June 2014**

	Note	2014	2013
<b><u>Revenue</u></b>			
Brokerage Commission		5,283,005	1,022,695
Dividend KSE		216,398	-
Profit on KSE margin deposit		7,082	-
IPO Commission		14,296	
		<b>5,520,781</b>	<b>1,022,695</b>
<b><u>Operating Expenses</u></b>			
Administrative Expenses	11	5,144,731	1,563,533
		<b>376,050</b>	<b>(540,838)</b>
<b>Operating profit/ (Loss) before taxation</b>			
Taxation	12	(127,857)	(5,113)
		<b>248,193</b>	<b>(545,951)</b>
<b>Profit/ (Loss) after Taxation</b>			
		<b>0.05</b>	<b>(0.10)</b>
<b>Earning per share- basic and diluted</b>			

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

Karachi  
Dated :

*M. Tariq*  
Chief Executive

*M. Tariq*

**Muhammad Tariq Moti Securities (Private) Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30th June 2014**

	Note	2014	2013
<b>Profit / (Loss) after Taxation</b>		248,193	(545,951)
<b>Other Comprehensive Income</b>			-
<b>Total Comprehensive Income / (Loss) for the year</b>		<u>248,193</u>	<u>(545,951)</u>

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

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M. Tariq

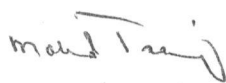
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M. Tariq

**Muhammad Tariq Moti Securities (Private) Limited**  
**Cash Flow Statement**  
**For the year ended 30th June 2014**

	Note	2014	2013
<b>Cash Flow from Operating activities</b>			
Net Profit/(Loss) after taxation		248,193	(545,951)
<b>Add : Items not involved in movement of fund:</b>			
Depreciation			-
Amortization			-
Dividend income			-
Unrealized gain on investments			-
Financial Charges			-
Gain On Disposal			-
			-
Operating Profit / (Loss) before working capital changes		248,193	(545,951)
Net Change in working capital	(a)	6,639,661	4,924,128
		6,887,854	4,378,176
Financial Charges paid			-
Taxes Paid			-
Net cash from operating activities		6,887,853	4,378,175
<b>Cash Flow from Investing activities</b>			
Sale Proceeds From Fixed Asset			-
Long Term Investment			-
Long Term Deposit		25,000	(600,000)
Issue of shares for cash		2,000,000	3,010,000
Dividend received			-
Long-term deposits			-
Net Cash Inflow/ (Outflow) from investing activities		2,025,000	2,410,000
<b>Cash Flow from Financing activities</b>			
Proceeds from Long-term finance			-
Net Cash Inflow/ (Outflow) from financing activities			-
Net increase / (decrease) in cash and cash equivalents		8,912,854	6,788,176
Cash and cash equivalent at beginning of the year		6,788,176	-
Cash and cash equivalent at end of the year	10	15,701,030	6,788,176
<b>(a) Statement of change in Working Capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade Receivables		1,285,025	(1,869,662)
Advances, deposits & Other receivables		(345,518)	(50,871)
Short Term Investment			-
		939,507	(1,920,533)
<b>Increase / (decrease) in current Liabilities</b>			
Trade Payables		5,593,740	6,475,385
Accrued Expenses & Other Liabilities		106,414	369,276
		5,700,154	6,844,661
Net Working Capital Changes	(a)	6,639,661	4,924,128

The annexed notes from 1 to 15 form an integral part of these financial statements.

Karachi  
Dated :

  
Chief Executive  
6

  
Director

Muhammad Tariq Moti Securities (Private) Limited  
Statement of Changes in Equity  
For the year ended 30th June 2014

	Issued, Subscribed and Paid-up Capital <i>Rupees</i>	Unappropriated Profit/ (Loss) <i>Rupees</i>	Deposit against shares	Total <i>Rupees</i>
Issue of shares for consideration of cash	3,010,000	-		3,010,000
Issue of shares for consideration other than cash	50,000,000	-		50,000,000
Profit / (Loss) after taxation		(545,951)		(545,951)
<b>Balance as at June 30, 2013</b>	<b>53,010,000</b>	<b>(545,951)</b>		<b>52,464,049</b>
Profit / (Loss) after taxation		248,193	2,000,000	<b>2,248,193</b>
Balance as at June 30, 2014	53,010,000	(297,758)	2,000,000	<b>54,712,242</b>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Karachi  
Dated :

*Muhammad Tariq*  
Chief Executive

*Muhammad Tariq*  
Director

**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the accounts**  
**For the year ended 30th June 2014**

**1 Legal Status and Nature of Business**

Muhammad Tariq Moti Securities (Private) Limited ("Company") was incorporated under the Companies Ordinance, 1984 on 9th April 2013 as a private limited company. The Company is a corporate TREC holder of Karachi Stock Exchange Limited. The registered office of the company is located at Room No. 36 1st Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities include trading and brokerage for equities, underwriting of public issues etc.

**2 Basis of Preparation**

**2.1 Statement of Compliance**

"These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for \*Medium-Sized Entities (MSEs)/ issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail."

**2.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the financial statements. Further, accrual basis of accounting is followed except for cash flow information.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates, if any, are recognized prospectively commencing from the period of revision.

**3 Summary of Significant Accounting Policies**

**3.1 Property and equipment and depreciation**

**Owned**

These are initially stated at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Normal repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. As at June 30, 2013 the carrying amount of fixed assets is not materially different from residual value.

Gain or loss on disposal, if any, are included in income currently.

*Muhammad Tariq*

*Muhammad Tariq*



**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the accounts**  
**For the year ended 30th June 2014**

**3.2 Intangible Assets**

**TREC**

These are stated at cost less impairment, if any. These are not amortized due to the fact that they have indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the TREC and office.

**3.3 Revenue recognition**

**Gain / (loss) from dealing in securities**

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Consultancy and advisory fee, Commission from rendering of services to stock exchanges are recognized as and when such services are provided.

Profit on bank deposits is recognized on an accrual basis.

Rental income is recognized on an accrual basis. Any amount received in advance for subsequent period is considered as 'Deferred Income' and recorded as a liability.

**3.4 Provisions**

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**3.5 Taxation**

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

**Deferred**

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The company recognize a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.6 Trade and other payables**

Liabilities for trade and other amounts payable are recognised and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**3.7 Employees Retirement Benefits**

The company operates an unfunded gratuity scheme for its permanent employees according to the terms of employment. A provision for such un-funded gratuity scheme has been maintained in the accounts.

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muhammad tariq

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**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the accounts**  
**For the year ended 30th June 2014**

**3.8 Borrowing cost**

Borrowing cost are recognized as expense in the period in which these are incurred.

**3.9 Transactions with related parties**

Transactions with related parties are executed on arm's length basis. These prices are determined in accordance with the admissible pricing methods. However, loan from directors are unsecured and interest free.

**3.10 Impairment**

**Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

**Non-Financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

**3.11 Financial instruments**

All financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

**3.12 Offsetting of financial assets financial liabilities**

A financial assets and financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

**3.13 Cash and Cash equivalents**

Cash in hand and at banks are carried at cost.

Cash and cash equivalents are defined as cash in hand, cash at bank and short-term highly liquid investments that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

**3 3.14 Investments**

**(a) Investments at fair value through profit or loss**

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss- held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange and on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

*Muhammad Tariq*

*Muhammad Tariq*

**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the accounts**  
**For the year ended 30th June 2014**

**(b) Investments available for sale**

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At subsequent balance sheet dates, these investments are remeasured at fair values and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Karachi Stock Exchange. The investments for which a quoted market prices is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate etc.) and therefore, cannot be determined with precision.

**(c) Investments held to maturity**

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently.

Premiums and discounts on investments are amortised using the effective interest rate method and taken to income from investments.

**4 Issued, Subscribed & Paid-up-Capital**

5,301,000 ordinary shares of Rs.10/= each  
 fully paid

	53,010,000	53,010,000
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**5 Accrued Expenses and Other liabilities**

Accrued Expenses  
 Provision for taxation  
 Sales tax on commission

	260,000	269,862
	127,857	5,113
	87,834	94,301
	475,691	369,276

*Muhammad Tariq*

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**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Accounts**  
**For the year ended 30th June 2014**

	Notes	2014 Rupees	2013 Rupees
<b>6 Intangible assets</b>			
KSE - TREC	6.1	50,000,000	50,000,000
		50,000,000	50,000,000
<p>6.1 In accordance with the requirements of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012, the company is entitled to receive equity shares of Karachi Stock Exchange "KSE" and a trading right entitlement in lieu of its membership card of KSE. The company's entitlement in respect of KSE's shares will be determined based on the valuation of assets and liabilities of KSE as approved by the Securities and Exchange Commission of Pakistan.</p>			
<b>7 Long Term Deposits</b>			
Karachi Stock Exchange Limited		100,000	100,000
CDC		100,000	200,000
National Clearing Company of Pakistan		300,000	300,000
		500,000	600,000
<b>8 Trade Debts - (Unsecured Considered Good)</b>			
Trade Debts - Unsecured		584,637	1,869,699
<b>9 Advances, Deposits, Pre-payments &amp; Other Receivables</b>			
Advance payment of tax		396,389	50,871
		396,389	50,871
<b>10 Cash &amp; Bank balances</b>			
Cash in hand			
Cash at Bank		15,776,031	6,788,177
- current accounts			
- in pls & deposit account			
		15,776,031	6,788,177
<b>11 Administrative Expenses</b>			
Director's Remuneration		1,720,000	250,000
Staff salaries & allowances		1,630,000	422,000
KSE rent, electricity and other service charges		277,059	60,492
Printing and Stationary		39,915	
Fees & Subscription		75,000	5,000
Utilities expenses		438,687	
Legal & Professional		150,800	10,000
Communication Expenses		-	16,550
Travelling & Conveyance		3,780	184,720
Audit Fee		40,000	40,000
Fuel, Water & Power			1,138
Entertainment		73,420	
Vehicle Running Expenses		216,357	
Computer maint. And papers		41,120	
CDC/NCC Charges		258,972	74,327
Bank charges		1,260	
SECP transaction fee		72,462	3,306
Preliminary expenses			496,000
Misc. & General		105,900	
		5,144,731	1,563,533

*Muhammad Tariq Moti*      *Muhammad Tariq Moti*

**Muhammad Tariq Moti Securities (Private) Limited**  
**Notes to the Accounts**  
**For the year ended 30th June 2014**

	2014	2013
<b>12 <u>Taxation</u></b>		
Current	127,857	5,113
Prior	-	-
Deferred	-	-
	127,857	5,113

**13 Remuneration of Directors and Chief Executive**

	Directors	Chief Executive
Remuneration	390,000	1,330,000
Number of person(s)	1	1


**14 Authorization for issue**

These financial statements have been authorized for issue by the board of directors meeting held on \_\_\_\_\_.

**15 General**

Figures have been rounded off to nearest of rupee.

Karachi  
Dated :



Chief Executive



Director